



Customer

Leggett & Platt, Incorporated

Industry

Manufacturing

Size

19,000+ employees/partners

140 manufacturing locations in 18 countries

Location

Carthage, MO

OnBase Integrations

PeopleSoft®

Departments Using OnBase Capture

Accounts Payable

Accounts Receivable

Case Study | Accounts Payable & Accounts Receivable | Leggett & Platt

Manufacturer saves \$1.6 million annually with OnBase capture

The Challenge

As an S&P 500 global manufacturer, Leggett & Platt, Incorporated produces a variety of products for homes, offices, automobiles, airplanes and retail stores. However, as business grew, managing its cash flow was difficult with so many paper-based processes in place.

With thousands of invoices representing \$3 billion in spend annually, AP staff manually processed as many as they could every day. Processing each invoice required staff to print and hand-key all needed data into the company's ERP, PeopleSoft, and later transfer it to its mainframe application for payment.

Processes were similar in AR. With its mainframe application only matching 5 percent of its payments with customer account records, staff had to apply cash – roughly 350,000 payments a year – manually.

Everything changed once both departments implemented OnBase capture.

The Solution

To eliminate the challenges of manual processing, Leggett & Platt chose OnBase capture to collect data without manual keying or using templates. Now, the company electronically captures data from invoices, remittance images and check images, validates it and transfers it to PeopleSoft and the mainframe application.

The combined return on investment (ROI) for both departments was realized in less than a year.

Slashes \$1.6 million annually in AP labor costs

Using the capture solution, the manufacturer automatically captures data from invoices – like the amount due and PO number – regardless of where it's located on the page from one vendor to the next. The solution remembers where it found the data the next time each vendor's invoice appears, making data capture more efficient over time.

“We’ve reduced our cost per invoice by 69 percent in five years, from \$3.88 per invoice to \$1.21. We’ve also boosted our invoice processing volume by 232 percent with no additional staff required.”

– Nikki Head, senior assistant AP manager,
Leggett & Platt

And with more than 55,000 vendors sending invoices to the company – more than 2,500 a day – streamlining this process has been invaluable. The company slashed \$1.6 million annually in labor costs, reducing its invoice processing staff by more than 40 percent.

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Applies cash about 70 percent faster

With more than \$3.6 billion in checks received annually, OnBase capture automates data collection and validation, allowing AR staff to focus on exception processing. Every day, the solution captures remittance and check data from the mainframe application and uses database lookups to identify customer accounts and match their reference numbers and invoice information.

Once validated, the capture solution updates the mainframe application, automatically applying 74 percent of payments – an increase of nearly 70 percent from the previous manual process.

Handling exceptions is also easier. When checks cannot be validated, the solution flags them for review, allowing staff to quickly locate needed data and manage the issue. The associated remittance and check images are also available for review, allowing staff to process exceptions 85 percent faster – from 3-4 days to just half a day.

The Difference

Boosts invoice processing volume: By implementing OnBase capture, Leggett & Platt processes about 230 percent more invoices without adding staff.

“We thought outside the box for how we could tackle automating our AP processes,” Head said. “Now, we don’t have to think about these processes. We let the system do it for us – and we’re continually improving.”

Maximizes early payment discounts: The solution automatically compares and ranks terms captured from invoices and associated POs, with the higher ranking term populating the data record. With the most favorable terms identified, staff prioritize invoice payments to maximize discounts.

Posts invoice data quickly: Because OnBase capture seamlessly integrates with PeopleSoft, AP staff quickly post invoice data for buyers to see.

“About 90 percent of our invoices are in our PeopleSoft system by the end of the day,” Head said. “Now they’re available the next day for our buyers.”

Reduces office supply budgets: In AP, the department slashed its supplies budget by 73 percent by eliminating paper files, boxes and reams of paper. AR staff also reduced its usage of paper, printer ink and equipment maintenance.

Learn more at OnBase.com/Capture »

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by Hyland